

# INPATRIATES

## Korea

### Tax facts for International Assignees



#### INCOME TAX: WHO IS LIABLE/RESIDENCY

Non-residents are taxed on income earned in Korea (i.e., Korean Source Income). This can include wages/salaries allocated to Korean workdays, rental income from Korean properties, and certain capital gains/losses on Korean-based assets.

Residents are taxed on worldwide income regardless of where it is earned or paid. Even if a foreigner is deemed as a resident, he/she is subject to income tax on all income sources both within and outside Korea (global income).

#### Taxation on foreigners who reside in Korea for short time

Foreign source income of a resident whose total residence period in Korea stood at 5 years or less than 10 years before the end date of the attributable taxable year is taxed in Korea only when it is paid in Korea or remitted to Korea.

A foreign national becomes a Korean resident when they meet below requirements.

Principally, a resident is any individual who has his/her domicile in Korea or a place of residence for 183 days or more in Korea. The domicile shall be judged by the objective facts of the living relationship such as the existence of a family living together in Korea and of the property located in Korea. The 'place of residence' means the place where a person has dwelt for a long time besides his address.

- Non-Resident : Any individual other than a resident is a non-resident, who is liable to income tax only on the income derived from sources within Korea.

A taxpayer who falls under the following cases is deemed to have a domicile in Korea.

- Who has an occupation which would require him/her to reside in Korea for 183 days or more; or
- Who has his/her family in Korea and is likely to reside in Korea for 183 days or more in view of his/her occupation or assets held in Korea.

#### SPECIAL TAXATION FOR FOREIGN EMPLOYEES

If a foreign executive or employee provided service in Korea for the first time on or before Dec. 31, 2023, the amount calculated by multiplying 19% to the relevant wage and salary income can be imposed as the tax amount, instead of the amount computed by applying the basic tax rate.

In such cases, provisions concerning income taxation, such as non-taxation, deduction, reduction or exemption, and tax credit shall not be applicable.

Effective period for special tax treatment is 5 years from the date of commencing work in Korea. A person who has Korean citizenship as of the end of the relevant taxable year is not regarded as a foreign employee.

Any foreign worker who desires to be eligible for the application of the special taxation shall make an application and submit it to the withholding agent (or taxpayer's association) or the head of tax office having jurisdiction by attaching Report of Exemption and Deduction · Tax credit from Wage & Salary income at the time of year-end tax settlement.

## INCOME TAX RATES AND SOCIAL SECURITY CONTRIBUTIONS

### INCOME TAX RATES

Tax base	Tax rates
12 million won or less	6%
12-46 million won or less	720,000 won + 15% of the amount exceeding 12 million won
46-88 million won or less	5,820,000 won + 24% of the amount exceeding 46 million won
88-150 million won or less	15,900,000 won + 35% of the amount exceeding 88 million won
150-300 million won or less	37,600,000 won + 38% of the amount exceeding 150 million won
300-500 million won or less	94,600,000 won + 40% of the amount over 300 million won
500-1,000 million won or less	174,600,000 won + 42% of the amount over 500 million won
Over 1 billion won	384,600,000 + 45% of the amount over 1 billion won

### SOCIAL TAX RATES

There are 4 compulsory social insurance - employment insurance, industrial accident compensation insurance, national pension and health insurance - in Korea.

Basically, 4 compulsory insurances are borne by employer and employee to the extent of 50% of all contributions. Contribution is calculated by multiplying the contribution rate to the standard monthly wage. The amount calculated is distributed 50% respectively to the employee and the employer. Some of insurances are borne only by employer. The rate of each social insurance is as follows:

#### Employment insurance

- Employee: 0.9% of the total wage (unemployment benefit)
- Employer:
  - Unemployment benefit: 0.9%
  - Employment stabilization project + occupational ability development: 0.25 - 0.85% (depending on company size)

#### Industrial accident compensation insurance

- Employee: None
- Employer: 6/1000 - 185/1000 of total salary (depending on business category)

#### National pension

- Employee: 4.5% of standard monthly wage (Upper limit: KRW 248,850)
- Employer: 4.5% of standard monthly wage (Upper limit: KRW 248,850)

#### Health insurance

- Employee: Approx. 3.5% of standard monthly wage
- Employer : Approx. 3.5% of standard monthly wage

For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)

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